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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 008012

SIPDIS

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TAGS: PREL PTER MOPS ENRG PBTS ETRD IN PK INDO PAK

SUBJECT: MEA LARGELY UPBEAT ON INDO-PAK, BUT QUAKE NO PANACEA FOR TERRORISM

REF: A. NEW DELHI 7990

B. STATE 188931

C. NEW DELHI 7874

D. 10/13 DEPARTMENT PRESS GUIDANCE

E. NEW DELHI 3745

F. NEW DELHI 1480

Classified By: PolCouns Geoff Pyatt for Reasons 1.4 (B, D)

11. (C) Summary: In an October 14 meeting with PolCouns and Poloff, MEA Joint Secretary (Pakistan, Afghanistan, Iran) Dilip Sinha judged that it was too soon to assess the damage the October 8 earthquake dealt to terrorism in Kashmir, although he cautioned that the terrorists' setbacks may only be temporary. The earthquake also set back progress on some Indo-Pak transportation and trade related CBMs that had been proceeding apace. Sinha reported good vibes and incremental progress on expanding air links and liberalizing business visas emerging from Natwar Singh's October 3-5 trip to Pakistan, and explained that journalists had overstated how close the two sides were to a deal on Siachen Glacier before the meeting, which made their inability to close the gaps erroneously appear to be a last-minute collapse. He had no news to share on the World Bank expert's site visit to Baglihar Dam, and agreed that the transfer of F-16s to Pakistan would not alter the region's strategic balance. End Summary.

Earthquake an Effective CT Operation? Too Soon to Tell

12. (C) After receiving PolCouns' condolences for the earthquake deaths suffered in India and our appreciation for the aid and assistance India is sending to Pakistan, Sinha said it is too soon to assess accurately the damage the earthquake inflicted on terrorist groups operating in Kashmir. He noted that terrorist infiltrations and attacks continue despite United Jihad Council supremo Syed Salahuddin's call for a cease-fire and assistance with rescue efforts (Ref A), remarking "They continue these attacks when their own people are suffering from the earthquake; they are so driven by hate they cease to be human."

13. (C) Taking PolCouns' point that GOP involvement with cross-border terrorism would now require an affirmative decision to rebuild camps and support infrastructure in Kashmir, Sinha nevertheless cautioned that reconstruction of training camps and launching points would not be an onerous task. He commented on the reports of damage to terror camps as an indication that they continued to exist in the face of Islamabad's denials. PolCouns noted that the USG sees positive changes in Musharraf's views and actions regarding Kashmir-oriented terrorism, and reiterated that both sides would benefit from sharing information on Kashmir (Ref E); Sinha remained unconvinced that Musharraf had made any permanent changes to GOP policy on cross-border terrorism.

Quake Damage Delays CBMs

14. (C) Turning to Indo-Pak people-to-people CBMs, Sinha reported that the road for the Srinagar-Muzaffarabad bus service and the landmark "Aman Sethu" ("Peace Bridge") were damaged in the quake, and engineers have not yet assessed how long repairs will take. The buses returned this week via a circuitous route to deliver passengers back to their homes. The damage will also delay plans to allow trucks carrying produce for cross-border trade to ply the LoC crossing, because the two sides have yet to establish customs facilities to support trade along this hilly route, a project which is now secondary to disaster relief and recovery. Similarly, Sinha added, the technical meetings to clear the way for the Lahore-Amritsar bus service are on hold. Rumors of a Siachen Breakthrough Leaned Too Far Forward

15. (C) Sinha revealed that news reports of an imminent breakthrough on Siachen Glacier during the October 3-5 Foreign Ministers' meeting in Islamabad misinterpreted the GOI's position. Delhi sought mutually agreed authentication of current troop locations and an agreement that the extension of the LoC through that region would progress north from point NJ9842, and not northeast to the Karakoram Pass (which would cede territory to Pakistan). Some journalists "jumped to paragraph two, on authenticating the troop

locations, without pausing on paragraph one for delineating the LoC," which prematurely raised expectations, he concluded. Consequently, the lack of an agreement was not the big disappointment the press portrayed it to have been.

Expanded Air Links, Liberalized Biz Visas in the Cards

¶16. (C) That said, Sinha emphasized that the atmospherics for Natwar Singh's trip were "all positive," he found Islamabad "willing to move forward" on expanding bus and air transport links, and the GOP's periodic reasserting of the "centrality of Kashmir" had become "just a chant" that did not impede progress in other areas. He experienced a similar "air of optimism" when he accompanied Natwar Singh to Karachi -- there were "absolutely no diatribes," and Natwar adopted Pakistani Foreign Minister Kasuri's formulation of Pakistan being a prospective "hub for Central Asian trade," with the implication that transit rights would also flow. Sinha added that the two sides had agreed in principle to expand air links (more flights, destinations, and carriers) and liberalize business visas (longer duration, more cities), and the PM has given the green light, but the bureaucracies continue to work out the details. He noted in passing that whereas Pakistan International Airlines uses all 12 of its allocated flights per week, Indian Airlines only runs two flights per week. (COMMENT: Another good reason for private Indian carriers to fly to Pakistan. END COMMENT.)

Patient on Baglihar

¶17. (C) Sinha had "no indication of how things are leaning" from last week's site visit to Baglihar Dam by World Bank-appointed "Neutral Expert" Raymond Lafitte (Ref C). He outlined that Lafitte's role is to adjudicate GOP questions on the dam's specifications. If his ruling (due in January-February) does not satisfy both parties, the matter becomes a "dispute" and subject to arbitration by a board whose creation and composition is governed by Annexes to the Indus Water Treaty (Ref F). As per our prior conversations on the matter, Sinha held that the GOI would support the resolution process as prescribed by the Treaty.

F-16s Still in the Air ... as is Democracy

¶18. (C) Asked about the pending Congressional notification for the transfer of F-16s to Pakistan, Polcouns drew upon Ref D talking points to underline that we do not expect the transfer to alter the region's strategic landscape. Polcouns also drew upon Ambassador Crocker's remarks at the New Delhi Institute for Defense Studies and Analysis (Septel), noting that the Pakistan Air Force uses its existing F-16s in CT operations and the transfer would strengthen our effort to help Pakistan move in a positive direction. Sinha averred that the issue is not strategic -- although he admitted that he personally concurs that the F-16s would not alter the balance -- but whether the USG is "rewarding bad behavior," to which PolCouns responded that Washington continues to ensure that Pakistan remains on the right track in moving toward democracy.

Sharing Positive News on Terrorism

¶19. (C) PolCouns also shared with Sinha Ref B Zawahiri-al-Zarqawi letter, and pointed out that the letter showed how the capture in Pakistan of Abu al-Faraj al-Libi was disrupting al-Qa'ida funding and logistics in South Asia.

Comment: Rapprochement Still the Name of the Game

¶10. (C) Despite Sinha's reluctance to give Musharraf ground on cross-border terror -- which is echoed in much of the Indian bureaucracy -- the MEA remains committed to moving the rapprochement process ahead. In Sinha's estimation, the earthquake set back both the peace process (for logistical reasons) and terrorism, but only temporarily. We hope he was right on the first count, and wrong on the second.
BLAKE